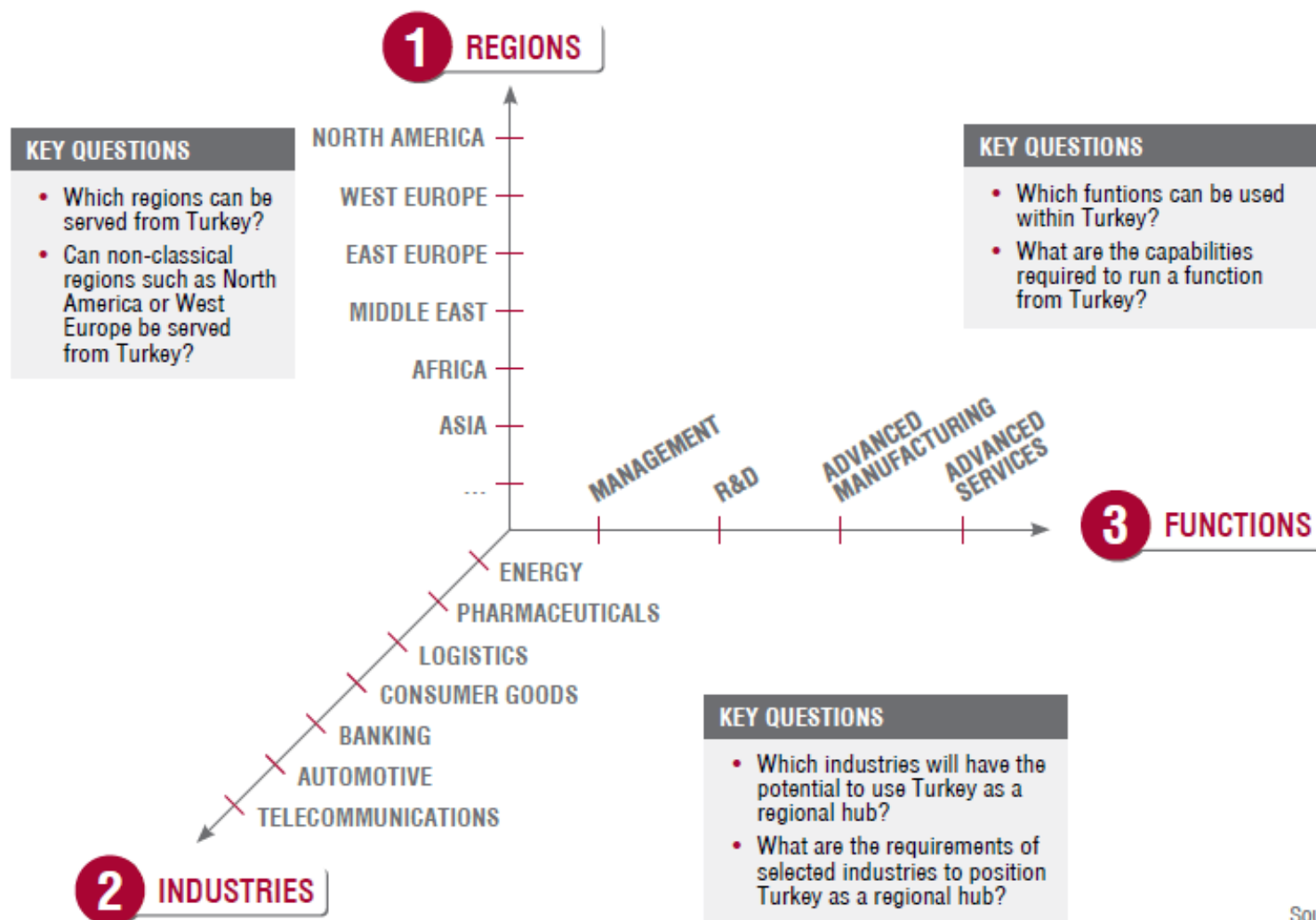




WHY TURKEY SHOULD BE A REGIONAL HUB?

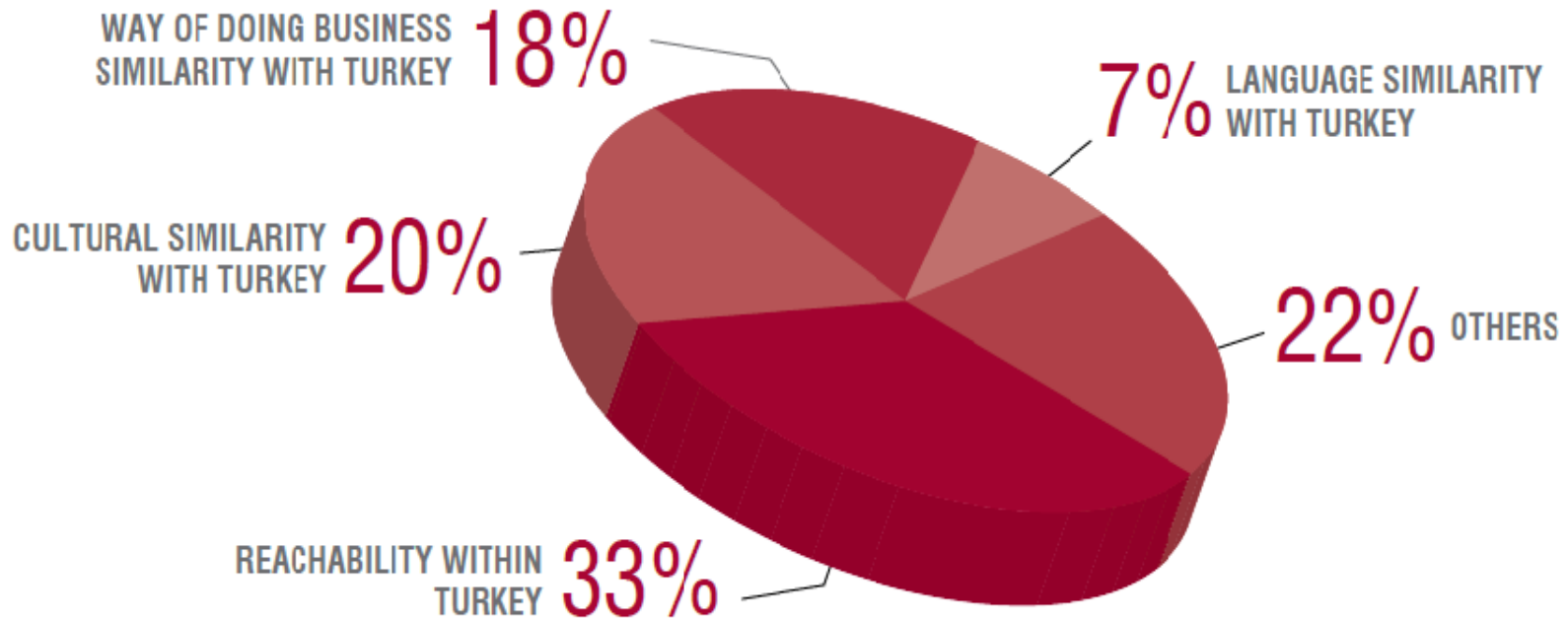
International Investors Association of Turkey
April 2016

REGIONAL HUB ASSESSMENT FRAMEWORK

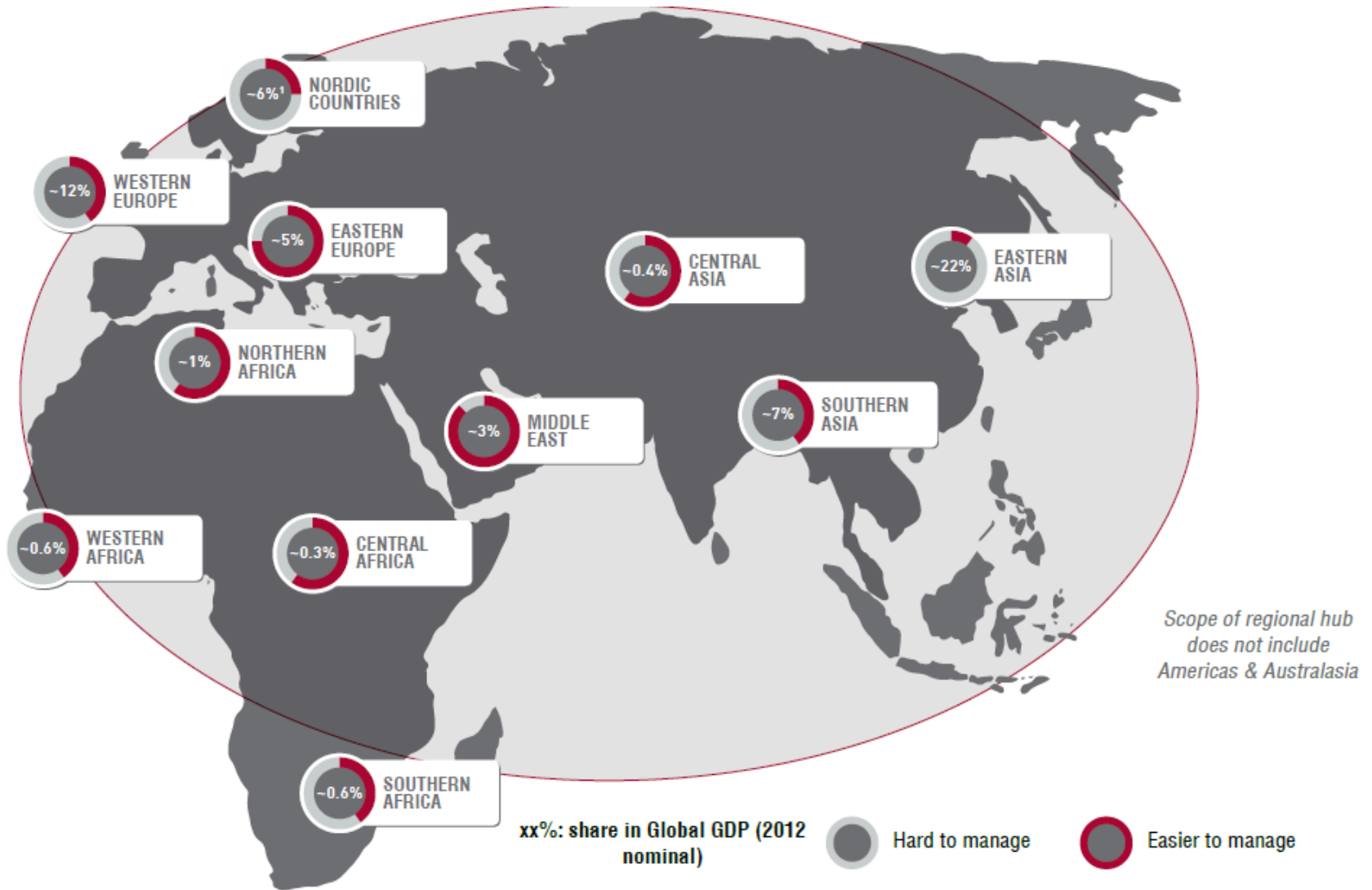


Source: A.T. Kearney

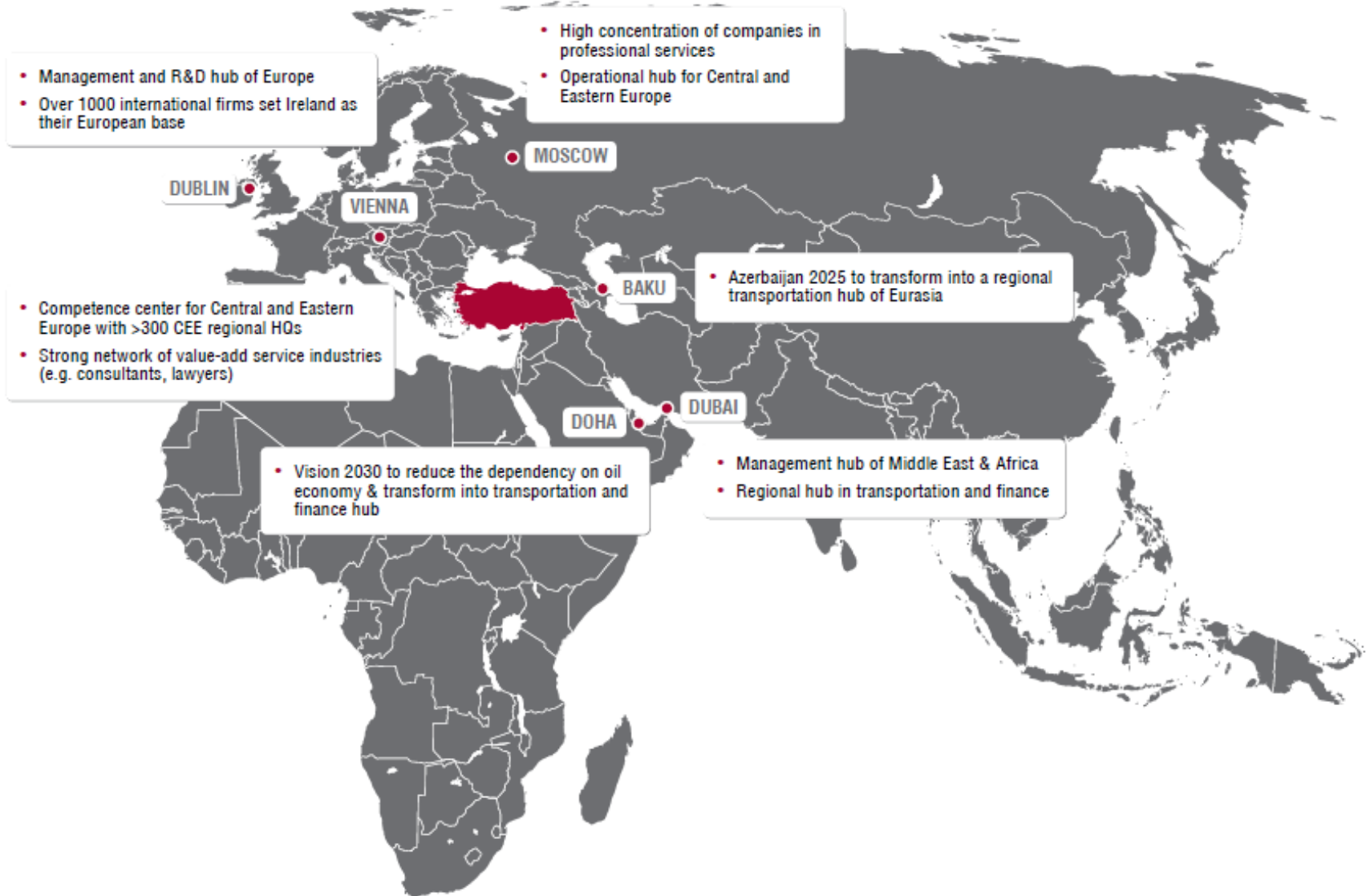
KEY CHARACTERISTICS THAT ARE PERCEIVED AS CRITICAL FOR BEING SERVED FROM TURKEY



EASE OF MANAGING REGIONS FROM TURKEY



OVERVIEW OF EXISTING AND POTENTIAL COMPETITORS



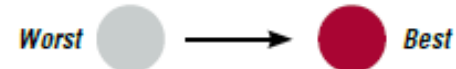
ASSESSMENT OF TURKEY ACROSS SELECTED INDUSTRIES & FUNCTIONS

| Functions | Potential to position Turkey as a hub for given function within the industry | | | | | | |
|------------------------|--|---------|----------------|--------|-----------|-----------------|--------------------|
| | Automotive | Banking | Consumer goods | Energy | Logistics | Pharmaceuticals | Telecommunications |
| Management | | | | | | | |
| R&D | | | | | | | |
| Advanced Manufacturing | | | | | | | |
| Advanced Services | | | | | | | |
| Basic Services | Even though there might be opportunities for Turkey to become a hub for basic services, based on our agreement with YASED during the meeting on 29.11.2013, we have not analyzed the opportunities in basic services for selected industries | | | | | | |

Likelihood of Turkey becoming a regional hub on a given function



Current position of Turkey on a given function



TRIGGERING FACTORS FOR HAVING REGIONAL HUBS

| Dimensions | Main criteria | Competitive barometer | Improvement Levers | Priority |
|---------------|--------------------------------|-----------------------|---|------------------|
| Business | Costs | | Diversify input sourcing | Long Term Target |
| | Ease of doing business | | Facilitate new business & gain investor trust | Long Term Target |
| | Global/reg. connectivity | | Increase global/regional connectivity | Quick Win |
| | Domestic market growth | | | |
| | Proximity to markets | | | |
| | Global services firms | | | |
| Political | Political & economic stability | | Focus on political & economic stability | Long Term Target |
| | Government support | | | |
| | Infrastructure | | | |
| Social | Expat friendly environment | | Understand expat needs & build support institutes | Mid-Term Target |
| | Cultural proximity | | | |
| | Quality of life | | | |
| Human Capital | Talent base | | Adopt continuous talent development | Quick Win |

Source: YASED Survey, A.T. Kearney

← INCREASING COMPETITIVENESS → ● Istanbul ● Dubai ○ Vienna ● Singapore ● Dublin

IMPLEMENTATION ROADMAP FOR MACRO LEVEL INITIATIVES

| Initiatives | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|------|------|------|------|------|
| <ul style="list-style-type: none"> Diversify input sourcing | | | | | |
| <ul style="list-style-type: none"> Facilitate establishing business and gain investor trust | | | | | |
| <ul style="list-style-type: none"> Increase global/regional connectivity | | | | | |
| <ul style="list-style-type: none"> Focus on political & economic stability | | | | | |
| <ul style="list-style-type: none"> Understand expat needs & establish support institutions | | | | | |
| <ul style="list-style-type: none"> Adopt continuous talent development | | | | | |